



# BLAIR COUNTY RETIREMENT BOARD

c/o Blair County Controller, 423 Allegheny St., Ste 141 Hollidaysburg, PA 16648

## Blair County Retirement Board Meeting of February 14, 2019 at 9:30 AM Blair County Courthouse in Room 2B

### **Board Members in Attendance:**

Commissioner Bruce Erb, Commissioner Ted Beam, Controller A.C. Stickel, Treasurer Jim Carothers

### **Board Members not in Attendance:**

Commissioner Terrence Tomassetti

### **Non-Board Members in Attendance:**

Nicole Hemminger, Bobbie Pucciarella, Helen Schmitt, Jennifer Sleppy, Katherine Swigart

### **Media in Attendance:**

Phil Ray, Altoona Mirror

**Quorum:** Present

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**Call to Order:** Commissioner Erb called the meeting to order at 9:30 a.m.

**Call for Public Comment:** Commissioner Erb called for public comment on any Retirement Board items. There were no comments.

**Approval of Minutes:** A motion made by Commissioner Beam and seconded by Controller Stickel that the minutes from the January 10, 2019 Retirement Board meeting be approved as prepared. The motion was unanimously carried.

**4<sup>th</sup> Quarter Performance Review:** Review was presented by Pat Wing, Marquette Associates, and a hard copy was provided to board members.

Quarterly Report: Pat Wing from Marquette Associates presented the Fourth Quarter Investment Performance Report, reviewing the global economic environment, capital markets performance and the Retirement Fund ("the Fund). The Fund had an investment return of -7.2% for the quarter (net of investment management fees) and outperformed its policy benchmark by 0.4% (-7.2% vs. -7.6%). The Fund also ranked in the top 33% in a national database of public funds of all sizes, given its more conservative approach amid a poor capital markets environment that saw U.S. and global equity markets drop by double digits.

Outperformance was due in large part to portfolio changes that the Board approved in April of 2018. Specifically, the Board increased the Fund's allocation to Core Real Estate and added an allocation to Global Listed Infrastructure. These changes increased the diversification of the Fund and made it a bit more conservative, providing the Fund more downside protection.

Mr. Wing also provided and reviewed a Performance Update for the month of January.

Portfolio Review: Amid changes to the Fund made in 2018 and recent capital markets volatility, Mr. Wing presented a review and analysis of the Fund across asset classes. First, he reviewed the Fund's investments across both U.S. and Non-U.S. Equities. Within U.S. Equities, the Fund continues to have a tilt towards value stocks, which is intended to be a more conservative approach. Within Non-U.S. Equities, the allocation is evenly split between growth and value stocks.

At this point, Commissioner Erb asked whether the Board should consider increasing the Fund's allocation toward Non-U.S. value stocks as, similar to the U.S. Equity allocation, this would be consistent with a more conservative approach. Mr. Wing concurred with that suggestion and proposed that the change be presented and considered during the discussion on Fund rebalancing. Mr. Wing then went on to review the Fund's allocation to non-traditional asset classes, Core Real Estate and Global Listed Infrastructure. He stated these investments continue to be a low-cost, liquid and transparent approach (relative to other non-traditional asset classes) that have provided diversification and downside protection.

Finally, Mr. Wing noted that the Fixed Income allocation is a low-cost, conservative approach to the asset class. The structure also provided downside protection in 2018 and should be expected to do so moving forward in any environment when equities do poorly.

Rebalancing: The Controller's Office has determined that \$600,000 is needed from the Fund to meet February distribution payments. Marquette presented a rebalancing option during the meeting to the Board that proposed a redemption of \$300,000 from the Principal U.S. Property Account, a redemption of \$100,000 from the Nuveen Global Listed Infrastructure Fund, a redemption of \$50,000 from the Vanguard Intermediate-Term Treasury Fund, a redemption of \$100,000 from the Vanguard Short-Term Corporate Bond Index Fund, and a redemption of \$50,000 from the Federated Government Obligations Money Market Fund. This would keep the Retirement Fund's asset allocation close to the targets as set forth in the Investment Policy Statement.

Given the Portfolio Review discussion regarding Non-U.S. Equities, a redemption of \$300,000 from the Fidelity Global ex U.S. Index Fund and a \$300,000 purchase of the Hartford Schroders International Multi-Cap Value Fund was also proposed. This change will increase the tilt towards value stocks (at the expense of growth stocks) within the Fund's Non-U.S. Equity allocation. A motion was made by Controller Stickel, seconded by Treasurer Carothers, and unanimously carried to approve the proposed rebalancing.

**Applications for Membership:** A motion was made by Controller Stickel and seconded by Commissioner Beam that the applications for membership be accepted as set forth on the agenda. The motion was unanimously carried.

**Retirements, Refunds, Rollovers and Beneficiary Payment:** A motion was made by Controller Stickel and seconded by Treasurer Carothers that the retirements be accepted as set forth on the agenda. The motion was unanimously carried. A motion was made by Controller Stickel and seconded by Commissioner Beam that the refunds be accepted as set forth on the agenda. The motion was unanimously carried. A motion was made by Controller Stickel and seconded by Treasurer Carothers that the rollovers be accepted as set forth on the agenda. The motion was unanimously carried. There were no beneficiary payments to be accepted.

**Administrative Fees:** None.

**Litigation Checks:** None.

Totals for the Monthly Retirement Distribution for 2018 and Contributions made to the Retirement Fund in 2018 were set forth on the agenda for the information of the board.

Meeting of February 14, 2019 continued. . .

**Adjournment:** There being no further business to discuss, the meeting was adjourned at 10:28 a.m.

**The Next Retirement Board Meeting Will Be Held on March 14, 2019 at 9:30 AM in Room 2B.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to be "C. J. Smith", written in a cursive style.

Secretary